

# Retire-Rehire

## Issue

Under what circumstances or conditions should retirees be able to return to work and continue receiving benefits?

## Background

Most retirees, once they have completed a separation from service, may return to work in an eligible position for up to 867 hours per year. If they work more than that, then their retirement checks are temporarily suspended for the remainder of the year.

However, retirees who have chosen to utilize the 2008 Early Retirement Factors (“ERFs”) will have their retirement checks suspended if they work any hours per year for a Department of Retirement Systems (DRS)-covered employer prior to reaching age 65. After age 65, they are subject to the same 867 hour limitation as other Teachers’ Retirement System (TRS) retirees.

In 2016, the Legislature enacted a temporary expansion to the ERF rule. This allowed some 2008 ERF recipients from TRS 2/3 to work up to 867 hours per year before reaching age 65. However, this expansion only applies to retired teachers who return to work as a substitute teacher in an instructional capacity.

## Highlights of Analysis

- ❖ “Retire-Rehire” refers to the practice of receiving a paycheck and a retirement check at the same time, as well as the rules in place to regulate that practice.
- ❖ Retire-Rehire rules do not prevent retirees from returning to work in the public sector, but do create disincentives based on the retiree's circumstances.
- ❖ Washington State has a general policy of allowing part-time Retire-Rehire.
- ❖ Retire-Rehire has been regulated for several reasons, including past abuses.
- ❖ Most retirees can return to work up to 867 hours per year without a suspension of benefits.
- ❖ The disincentive for 2008 ERF recipients is temporary; meaning, they will have their retirement benefits temporarily suspended if they work any hours for a DRS-covered employer prior to age 65, but after age 65, the normal Retire-Rehire rules apply.

## Committee Activity

The SCPP studied the issue at its May, September, November, and December meetings. No recommendation was made.

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